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S E C R E T SECTION 01 OF 02 KATHMANDU 002254

SIPDIS

SECSTATE WASHDC FOR EB/ESC/ESP  
LONDON FOR POL/REIDEL  
TREASURY FOR OFAC DIRECTOR/RNEWCOMB AND TREASURY TASK FORCE  
ON TERRORIST FINANCING  
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN

E.O. 12958: DECL: 11/22/2012

TAGS: [EFIN](#) [ELAB](#) [NP](#) [PTER](#)

SUBJECT: NEPAL: FUNDING TERRORISM, MAOISTS TAP OVERSEAS  
REMITTANCES

Classified By: Ambassador Michael E. Malinowski for 1.5(b & d).

Summary

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1. (S) According to a prominent Kathmandu banker and long-time Embassy contact, Maoists are tapping into remittances from Nepalese employed abroad. Maoist tactics include extorting remittances from family members, recruiting members working abroad to send funds to their revolutionary cause, and serving as moneylender to finance the initial costs of foreign employment. Sources estimate that Maoists take at least \$500,000 USD per month from Malaysia, Saudi Arabia, Qatar, and the United Arab Emirates, and, perhaps other countries with significant numbers of Nepalese expatriate workers.

Maoists Prey on Expatriate Labor

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2. (S) According to Prithivi Pande (PROTECT), Chief Executive Director of Nepal Investment Bank LTD, Maoists are tapping into remittances from Nepalese employed abroad. In an interview with EconOff, Mr. Pande described the bank's efforts to garner a portion of the remittance payment market by providing services for the transfer of funds and financing the initial costs of foreign employment. The global war on terrorism has disrupted parts of the hundi and hawala fund transfer system and opened the remittance services market to established financial institutions. It was through Nepal Investment Bank's marketing efforts that the bankers became aware of Maoist access to remittances.

Tactics in Nepal

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3. (S) Manpower agencies working in Malaysia told Pande that the Maoists provide financing to foreign employees to cover the initial expenses for foreign employment. An employee's expenses include round-trip airfare, visa fees, and manpower agency fees averaging \$1,285 USD (100,000 Nepali Rupees) for work in Malaysia and the Gulf. Desperate laborers traditionally borrowed from local moneylenders at rates of 30-35 percent, which were repaid by family members receiving the remittance. The sources were unable to estimate the extent of the problem but added that families receiving remittances from abroad are targets for Maoist revenue collection. (Comment: The Nepali press has reported this as well.)

Tactics Abroad

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4. (S) While marketing services in Saudi Arabia, Qatar, and the United Arab Emirates, Rajesh Khanal (PROTECT), Relationship Manager for the Bank, heard from Nepalese manpower companies that Maoists were soliciting funds and recruiting members for their revolutionary cause. Mr. Khanal traveled to the Saudi city of Dammam (4-5 hours from Riyadh) on November 8 to gather in a city square with other Nepalese--a Nepalese expatriate tradition that takes place every Friday. While in the public square, he witnessed Maoists openly recruiting members and soliciting funds in Nepali.

5. (S) The manpower agencies in contact with the Nepal Investment Bank believe up that to 20 percent of expatriate Nepalese in the Gulf remit funds to the Maoists directly. The bankers estimate that nearly 200,000 Nepalis work in Saudi Arabia and are able to return \$100 USD per month after expenses. If extrapolated to the entire community of 300,000 Nepalese believed to work in the Gulf, the bankers estimate Maoists could receive at least \$500,000 USD per month in direct funding. (Comment: All figures provided are soft and based on anecdotal evidence. However, should the upper estimates of Maoist infiltration, numbers of Nepalese present in the region, and estimates of monthly per capita remittances prove valid; the Maoists could net USD \$6 million per month.)

16. (S) EconOff will conduct follow-on interviews with Nepalese manpower agencies to confirm the banker's reports, try to determine the extent of Maoist penetration, and identify financial links for asset freeze. The Embassy would welcome any insights into these terrorist funding networks that addressee posts may be able to provide.  
MALINOWSKI